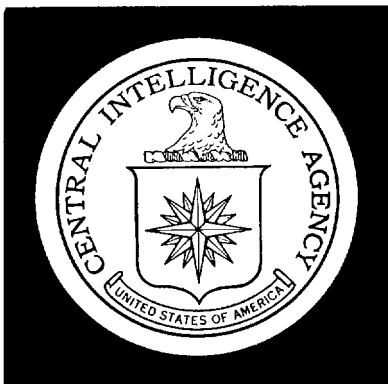


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INTERNATIONAL OIL: The Saudis say they and the
Iranians will support an OPEC shutdown if they do
not get a regional settlement.

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INTERNATIONAL OIL: SAUDI ARABIA HAS ADVISED THE OIL COMPANIES THAT THE SHAH OF IRAN AND KING FAYSAL WOULD SUPPORT AN OIL SHUTDOWN BY OPEC IF THE PERSIAN GULF PRODUCING STATES DO NOT OBTAIN A REGIONAL OIL SETTLEMENT.

SAUDI PETROLEUM MINISTER YAMANI REITERATED ON TUESDAY THAT THE SIX GULF OIL PRODUCING STATES WOULD FEEL COMPELLED TO JOIN IN AN OPEC PRODUCTION EMBARGO IF THEY WERE NOT ABLE TO GET A SEPARATE REGIONAL SETTLEMENT, [REDACTED]

[REDACTED] IN A CONVERSATION WITH A SPECIAL INDUSTRY ENVOY, YAMANI CLAIMED THAT HE BELIEVED VENEZUELA WOULD ALSO SUPPORT AN OPEC SHUTDOWN. INDONESIA, HE NOTED, WOULD PROBABLY BE THE ONLY OPEC MEMBER TO BALK.

YAMANI SAID THAT NOTHING COULD BE DONE ABOUT THE UNREASONABLE DEMANDS OF ALGERIA AND LIBYA AND THAT ULTIMATELY THEY WOULD "KILL THE GOOSE THAT LAID THE GOLDEN EGG." HE POINTED OUT THAT THE GULF SIX WOULD NOT AUTOMATICALLY DEMAND TREATMENT COMPARABLE TO LIBYA. ONLY WHEN CONDITIONS RETURN TO "NORMAL" WOULD THE GULF PRODUCERS DEMAND RECTIFICATION TO OBTAIN WHATEVER GAINS LIBYA HAD MANAGED TO NEGOTIATE, IF THESE WERE NOT IN HARMONY WITH THE GULF AGREEMENTS.

THE OIL COMPANIES' VIEW IS THAT THE GULF PRODUCERS WOULD NOT BE ABLE TO SUSTAIN POLITICALLY A DISPARITY IN SETTLEMENT TERMS, SHOULD THE INDUSTRY GIVE IN AND CHOOSE THAT ROUTE. YAMANI DID NOT ARGUE THE POINT OR DISAGREE WITH THE COMPANIES' BELIEF THAT SUCH AN ARRANGEMENT WOULD NOT LAST LONG. HE DID INSIST, HOWEVER, THAT A PROMPT AGREEMENT BETWEEN THE INDUSTRY AND THE GULF SIX WAS THE ONLY ALTERNATIVE TO A SHOWDOWN BETWEEN THE OIL COMPANIES AND THE OPEC GROUP ON THE HARSHER TERMS OF THE MORE RADICAL MEMBERS. [REDACTED]

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